

6 Aug 53

SOVIET BLOC EXPANDING TRADE WITH WEST

A. Factors making for trade expansion.

- (1) Limited increase for 1953 reverses downward trend in East-West trade.
- (2) Primary cause is bloc willingness to expand traditional exports.
- (3) Bloc countries, more reasonable and realistic in trade negotiations, are taking advantage of pressures on Western governments of influential business groups who are seeking Eastern markets.
- (4) Korean truce increasing Western pressure for relaxation of export controls.

B. Goals of bloc in seeking trade expansion.

- (1) Exploiting political friction between Western nations.
- (2) Obtaining more industrial goods scarce in bloc both by evading and then weakening Western export controls.

- (3) Importing more consumer goods to implement "softer" internal economic policy. 25X1

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SOVIET BLOC EXPANDING TRADE WITH WEST

A. Soviet trade with the West rising.

- (1) Soviet bloc increases trade with the West from \$1.7 billion in 1952 to \$2.0 billion in 1953.
- (2) Some new bloc trade agreements with Western countries for the first time since the war.
- (3) USSR-French trade agreement for 1953 triples trade from \$24 million (1952) to \$68 million; Danish trade increases from \$23 million to \$42 million; Greece increases trade from virtually nothing to \$20 million; Argentine-USSR trade agreement, the first since 1947, amounts to \$180 million; trade with Latin America rising sharply in 1953.
- (4) USSR is making unusual food purchases in addition to those included in trade agreements, i.e., Dutch and Danish butter, Australian meat.
- (5) imports of strategic goods are rising and will exceed 1952 level of about \$250 million.

- (6) Primary reasons for trade increase with the West is new Soviet willingness to export large amounts of grains and basic raw materials.
- (7) Soviet willingness to buy large amounts of consumer goods improves its bargaining position.
- (8) Weak economic position of Western countries aids Soviet trade tactics.
- (9) Korean truce increases internal pressure on Western governments to seek Soviet bloc markets.
- (10) British and French firms recently signed trade contracts with Communist China amounting to \$34 million.
- (11) Bloc's trade tactics supported by high-powered propaganda drive directed at US tariff walls.

B. Goals of bloc in seeking trade expansion.

- (1) Exploiting political friction between Western countries.
- (2) Weakening export controls.
- (3) Obtaining more industrial goods of kind still scarce in bloc.
- (4) Importing more consumer goods to implement "softer" internal economic policy.

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- (5) Laying groundwork for further trade as tactic to implement conciliatory policy toward the West.
- (6) Using trade as lever to extend political influence in under-developed countries.

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